1. MAYORS REPORT

The speech of Executive Mayor will be produced and presented during Council seating.

2. MAP OF MAFIKENG LOCAL MUNICIPALITY

The following Wards and lists of areas /villages are illustrated on the attached map.

WARD	AREAS/VILLAGES
1	Lekoko, Modimola, Makhubung, Madibe-Makgababa, Magelelo, Tontonyane, Thangwana Ntshana,Serotswana
2	Unit 15, Masutlhe 1 & 2, Kabe, Dibono, Lekung Phadima, Moletsamongwe, Tontonyane, Ext 39
3	Ikopeleng, Miga, Dimorogwane, Makoakgoane & 600
4	Tsetse, Ottoshoop, Farms, Slurry & Burhmansdrift
5	Lomanyaneng
6	Lokaleng, Tlapeng, Moleloane, Unit 3 & 6
7	Golf View, Borola-Tuku & Mafikeng CBD
8	Montshioa, Emperial, Reserve, Unit 1-Montshioa Flats: Bop, Kagiso, Wimpy and Kegomoditswe
9	Riviera Park, Danville, & Part of Lomanyaneng
10	Unit 2,8, 9, part unit 5, Gatholo and Kegomoditswe Flats
11	Seweding, Part of Phola
12	Mocoseng, Unit 12 & 13, Tontonyane
13	Motlhabeng, Dibate, Unit 9, 10 & 8
14	Part of Seweding, Magogoe -Tar & Phatsima
15	Montshioa Stadt , Bokone ,Lorwana & Go-nthua,
16	Ramosadi, Part of Motlhabeng & Phola
17	Tloung, Part of Magogoe Tar , Magogoe -Makgetla
18	Tlhabologo, Sehuba, Mapetla
19	Magogoe Koi-koi & Magogoe Central
20	Montshioa and part Ramosadi
21	Majemantsho & Lomanyaneng –Dube
22	Dithakong, Ditshilo, Part of Setlopo & Koi-Koi
23	Lotlhakane, Part of Dithakong
24	Louisdal, Siberia, Mooipan, Lombaartslaagte, Weldevrede, Goedgevonden, Ensulrust, Uitkyk, Brooksby & Mooifontein
25	Nooitgedacht, Naaupoort, Bapong, Bethel, Makouspan, Driehoek & Kaalpan
26	Madibe-a-Tau, Kubu, Letlhogoring, Morwatshetlha, Sebowana, Lekhubu la Seipone, Mantsa, Tsokwana, Ga Molema, Pudongwe, Lekung Tsokwane & Tshunyane
27	Matshepe, Matlhonyane, Setlopo, Rooigrond, Skoongesight, Dihatshwana, Dithakong tsa ga Sehuba, Mothakga & gesight
28	Signal Hill, Part of Molelwane, Lonely Park & New Stands
29	Lonely Park & Libertsa
30	Phola Motlhabeng & Dibate
31	Setlopo 1 & Part of Dithakong

3. BUDGET OVERVIEW: EXECUTIVE SUMMARY

The purpose of this 2012/2013 budget and 2013/2015 MTREF is to appropriate estimates for expenditure and anticipated revenue from various sources of revenue to various municipal directorates. The intension is to expedite service delivery within the municipal area. The budget is not realistic and not fully funded.

Cash Flow was done to deduct the none cash items and to look for possible revenue source that will fund the deficit. The 2011/2012 Mid-Year review and adjustment budget reflected some impediments that led to budget not being compliant in terms of being realistic and meeting the funding criteria. The following are matters that are to be addressed subsequent to 2012/2013 budget, 2011/2012 budget review and adjustments:

- Loss of Rates revenue for 1000 properties not in the valuation roll dated 1st July 2011.
- A number of votes required further modification to ensure that budgeting is accurate and expenditure is controlled.
- Municipal directorates to craft Service Delivery and Budget Implementation Plan that is aligned to budget for expenditure and revenue and those targets are realistic.
- There are approximately 6000 water meters that are dysfunctional.
- The municipal collection rate is estimated at 75%, this has an impact on the raising debtors.

Possible solutions to assist in recovering old debts and lost revenue:

- The R 2.1 allocated in the 2011/2012 adjustment budget to replace water meters will assist to recover part of the lost water revenue.
- R 1.0 Million has been set aside to appoint the valuer to conduct the interim valuations and to also address the outstanding objections of 2006 and 2011.
- That directorates to include revenue enhancement and sustainability as part of performance contracts and in Service Delivery and Budget Implementation Plans.
- The benchmarking excise undertaken by National Treasury on 13th March 2011 has revealed a number of budget deficiencies. Parts of these deficiencies are addressed as phase-in approach commencing with 2011/2012 adjustment budget.
- Finance directorate strategic objective is to recover 35% percent of the old debtors and to form part of Chief Financial Officer performance contract, this also to include other directorates.

- **<u>The following were highlighted in the benchmark and need to be addressed as matter of urgency :</u>**

1) Improving the budget process.
2) Mayor's speech to be included in the budget.
3) Improvement in Narratives is made.
4) Financial plan be included in the IDP.
5) Distribution of water account – deficit.
6) Alignment of budget to IDP.
7) National Treasury to assist in recovering the outstanding government debt.
8) Future growth factor to be taken into account for all budgets.
9) MPRA implementation and to correct valuation roll.
10) Improve deficit on the refuse removal on services
11) Insufficient provision for repairs and maintenance to improve
12) High Staff expenditure to be reduced.
13) Funding compliance to be phased-in in 2012/2013 and future budgets
14) Repairs and maintenance on infrastructure assets to be included in the management plans.
15) Procurement plans to be submitted with budget submissions.
16) Budget line items plans to be submitted with budget submissions.

4. BUDGET 2012/2013

Operating Budget

The anticipated revenue for 2012/2013 increased from R398.1 Million adjustment budget to R423.8 Million. The expected revenue does not takes the effects of projected 75% debt collection rate. The bad debt provision is R55.9 Million.

The expenditure increased fromR409.6 Million to R443.6 Million. The increased revenue is attributed to correct calculation of bad bets provision to R55.9 Million, increased repairs and maintenance from R29.8 Million to R35.8 Million.

Taking into account the job creation exercise the municipality budgeted R1.6 Million and after considering actual expenditure the amount was adjusted to R11.2 Million in the 2011/2012 adjustment budget and to R10.0 Million in the 2012/2013 allocations. There is additional incentive for EPWP of R20.00 per member contribution by the municipality. The municipality is paying R80.00 and the National Public Works re-imburse the municipality R60.00 per member.

The municipality forward report on monthly basis to the national department of public works and re-imbursement is done on quarterly basis

The water authority also increased its supply of water tariff to the municipality by 13% compared to 18% in the 2011/2012 budget. All economic factors were considered in appropriating the expenditure for 2012/2013 such as Eskom electricity increase by 16%. Though the municipality is not the electricity license holder consideration was taken to effect the increase to the Eskom expenditure.

The Councilors Allowances was increased by 5% and this was based on the previous year trend. Personnel salaries and allowances were increased by 5.4% as guided by National Treasury circular no 58. It will be noted that in terms of SA22 the increased percentage is 8.5%. This is the result of locomotion allowance which in terms of municipal Standard Chart of Accounts (SCOA) is accounted as general expenditure. The percentage if locomotion allowances to the value of R4.3 Million the percentage increase is 5.8%. The matter needs to be corrected.

The matter relating to personnel salaries is very complex and more control measures need to be in place. There are a number of litigation relating to salaries. In November 2011 the municipality paid R2.4 Million award to 9 municipal employees. There is R5.5 Million in the Sherriff account pending finalization of Sibinda and others case. There is award in this respect. The matter of bargain for 2012/2013 at Bargaining council for personnel salaries has not yet been concluded and might have an impact in the final percentage. It also not known what final increase percentage the minister of Cogta will finally approve for Councilors’ Upper limits.

The contracted services expenditure was increased from R19.3 Million to R22.2 Million. The larger contracted services is for DEAT to the value of R10.0 Million, Security services to the value of R5.0 Million, Disposal site to the value of R2.1 Million and R1.6 Million for internal audit outsourcing.

In terms of revenue the significant changes were noted in terms of grants and subsidies which increased from R161.5 Million to R180.8 Million. The Interest on debtors and rates were reduced from R28.5 Million to R21.7 Million due to strategic objective of finance to reduce the outstanding debtors by 35%. The service charges increased from R187.2 Million to R196.6 Million. The R196.6 Million include the rates revenue to the value of R104.4 Million.

Summary analysis of revenue:

The assessment rates were increased by 5.26% in average due to various classifications of properties. The tariffs are reflected on table SA13. Expenditure for Fuel and oil as well as telephones were increased by 10%. The rest of expenditures were increased by 5% in some instances and depending on the previous expenditure trends percentage varied.

In terms of revenue analysis the grants and subsidies represent 40.24% of total revenue, assessment rates represent 24.63%.Water services is represented by 14.28%, Sanitation 4.46%, refuse removal 4.28%, interests on investment, debtors and rates is represented by 5.13% and other revenue is represented by 6.97%. The collection rate is averages at 75% from 2010/2012 and 2012/2013. This needs to be reviewed annually.

Summary analysis of expenditure:

The personnel salaries and allowances represent 34.09% and councilors represent 5.13% of total expenditure. The water purchases represent 11.39%, repairs and maintenance 8.07% of expenditure. General expenditure represent 26.49% and contributions and depreciation represent 5.13% of expenditure. Contract services represent 4.99% and other expenditure represents 5.87% of total expenditure.

Summary analysis of Economic and Trading services:

Water: Trading service.

Description	Actual 2010/2011	Budget 2011/2012	Adjustment 2011/2012	Draft 2012/2013
Revenue	39 994 011	53 523 073	59 476 452	66 451 028
Expenditure	(60 335 080)	(60 934 144)	(61 660 452)	(68 710 691)
Surplus/Deficit	**(20 341 069)**	**(7 411 071)**	**(2 184 000)**	**(2 259 664)**

Water services should break even and to realize a surplus. Instead the section is running at a loss. An amount of R2.1 Million in the 2011/2012 adjustment budget was allocated to prioritize replacement of bulk water dysfunctional water meters. It will be noted that the municipality is not authority of the service.

The Ngaka Modiri Molema District Municipality is the authority. Additional R1.5 Million is allocated in the 2012/2013 to further replace dysfunctional water meters. The water deficit is financed from assessment rates general account.

Even though there is decline in water services deficit from 2010/2011 to estimates of 2012/2013, there are approximately 6000 dysfunction water meter of which approximately 45 is bulk.

Sanitation/Sewerage: Economic Service.

Description	Actual 2010/2011	Budget 2011/2012	Adjustment 2011/2012	Draft 2012/2013
Revenue	15 882 051	17 109 430	18 324 846	19 314 388
Expenditure	(16 535 686)	(17 477 156)	(19 428 547)	(20 807 695)
Surplus/Deficit	**(653 635)**	**(367 726)**	**(1 103 701)**	**(1 493 307)**

The small deficit realized in this section is financed through the assessment rates account. The service should break even. In determining the increment for the tariff the municipality utilizes the economic indicators and the ability to pay model within the municipal area. The municipality is 75% rural and depended largely on grants and subsidies.

Though the deficit is represented by 0.93% the service tariffs will be improved. The service is run on an agency basis. Most of the expenditure is for repairs and maintenance due to network repairs and spillage due to worn infrastructure.

It is imperative that the municipality engage the district to work out preventative and maintenance plans. The district is to allocate funds for refurbishment of infrastructure and for the plans. It will be noted that the municipality is more than 100 years and one/1 of the oldest municipality in South Africa. This evident with a number of burst pipes and spillage due to warm infrastructure.

Refuse Removal : Economic Service.

Description	Actual 2010/2011	Budget 2011/2012	Adjustment 2011/2012	Draft 2012/2013
Revenue	15 195 618	16 054 000	17 214 332	18 143 895
Expenditure	(20 531 736)	(22 178 564)	(40 463 147)	(42 177 615)
Surplus/Deficit	**(5 336 118)**	**(6 124 564)**	**(23 248 815)**	**(24 033 720)**

The refuse removal has two sections being Street Cleaning and Cleansing. The sections combined are not yielding the revenue to self sustain itself. The only source of revenue is the 4.28% of the total revenue which is derived from refuse removal. Expenditure is represented by 9.51% of the total expenditure. The refuse removal is at 43.02% percent deficit from its own funding. The deficit of R24.03 Million is financed from assessment rates account.

The sections are unable to sustain themselves. The is high expenditure in terms of salaries and repairs and maintenance of refuse trucks. The municipality must also make a cash backed provision for the rehabilitation of Landfill Site. This matter was also raised by Auditor General. The consultants have estimated that the Landfill site can be used up to 2027; however provision is a matter of urgency.

If the municipality further increase the tariff in order for the service to be self sustainable there will be community outcry and there might be resistance to pay for services which will impact on the current 75% collection rate. Also bearing in mind the ability to pay by the community as the municipality is 25% urban.

In mitigating the problems associated with the revenue and expenditure of the municipality the following are recommended:

- Agency Service level Agreement be signed with the district and sector departments
- Procedures and policies be developed and implemented to maximize revenue and minimize the expenditure.
- Consumers to be encouraged to pay for services.
- Directorates that perform service delivery be supported to enhance service delivery in order for consumers be encouraged to pay for services.
- Strategies be developed to minimise water loss.
- Section 57 senior managers to implement corrective measures to control revenue and expenditure.
- That the performance contract and SDBIP’s of section 57 senior managers to encapsulate financial enhancement, viability, sustainability, controls and corrective measures.
- The municipality to investigate other revenue streams.

5. **<u>The following expense accounts were critical to increase beyond the proposed CPI of 5.4% in order to create job opportunity and improve service delivery service deliver</u>** :

- Implementation of EPWP projects
- Repairs and maintenance
- Consultants fees; and
- Fuel and Oil
- Eskom (Electricity)

5.1 Summary of Expenditure votes:

Description	Original Budget 2011/2012	Budget Review 2011/2012	2012/2013 Draft Appropriations
Depreciation	6 698 904	4 275 370	5 751 896
Employee Salary & Allowances	141 400 727	141 583 394	151 250 111
Employee Social Contribution	23 994 600	21 306 568	22 749 723
General Expenditure	99 070 833	113 921 854	117 452 272
General Expenses: Bulk Purchases	44 520 000	44 520 000	50 307 600
General Expenses: Contact Services	13 993 854	19 338 659	22 179 510
General Expenses: Financial Services	5 254 200	4 823 449	5 331 459
Charges	2 829 917	4 975 289	5 939 023
Interest: Borrowing	6 411 489	4 697 385	5 571 781
Allowances: Councilors	16 994 706	16 994 706	17 844 446
Repairs and Maintenance	24 747 093	29 845 793	35 845 576
Provision for Leave	3 323 127	3 323 127	3 445 568
TOTAL EXPENDITURE	389 239 450	409 605 495	443 668 965

5.2 Summary of Revenue votes:

Description	Original Budget 2011/2012	Budget Review 2011/2012	2012/2013 Draft Appropriations
EPWP (Incentive)/Subsidies	0	7 200 000	3 968 000
Fines	1 539 840	2 543 134	3 392 315
Interest : External Investments	725 000	725 000	850 000
Interest: Arrear Debtors	21 753 180	28 538 090	21 750 000
Income Foregone	(450 000)	(1 200 000)	(1 400 000)
License & Permits	4 488 220	4 109 943	4 397 652
Operating/Capital Grants & Subsidies	159 589 527	161 482 527	180 865 903
Other Income	1 367 915	1 245 064	6 650 676
Sale Of Assets	536 760	500 000	500 000
Rent Facilities & Equipment	2 960 116	2 966 961	3 428 960
Tariff Charges: Levies	283 339	407 711	467 500
Tariff Charges: Other	1 497 200	1 499 595	1 558 293
User Charges for Services & Rates	222 134 900	187 280 161	196 644 170
Grants	830 000	830 000	800 000
TOTAL REVENUE	**417 255 997**	**398 128 186**	**423 873 649**
TOTAL EXPENDITURE	**389 239 450**	**409 605 495**	**443 668 965**
DEFICIT/SURPLUS	**28 016 547**	**-11 477 308**	**-19 795 316**

5.3 Cash flow for 2012/2013

Details	Revenue		Expenditure
Services Revenue	187 032 191	Total Expenditure	443 668 965
Add Grants & Subs Capital & Operating	180 865 903	Less: Bad Debts Provision	-55 975 555
Interim Valuation	10 000 000	Less: Depreciation	-5 751 896
New Bulk Water Meters	4 000 000		
Add other revenue	11 552 711		
Add MIG VAT	4 918 961		
Total Revenue	**398 369 766**	**Total Expenditure**	**381 941 514**
Total Deficit/Surplus	**16 428 252**		
Consider MIG Grant	-42 919 000		
Deficit	**-26 490 748**		
Old Debtors recovery	35 000 000		
Nett Deficit/Surplus	**8 509 252**		

The finance's one of its strategic objectives is to recover the old /outstanding debtors by 35% during the 2012/2013 financial year. This will assist the municipality's liquidity. The present liquidity of the municipality is not in good standing. The cash holding of the municipality is 1 month. The municipality suffered loss of approximately R46 Million in rates revenue in 2011/2012 implementation of new valuation roll due to omission of 1000 properties of which a large number belong to government.

The municipality also experience deficit of 43.02% for refuse removal. The deficit of R24.03 Million is financed from rates revenue. National has been of greater assistance to ensure that the municipality is geared towards improving is revenue and expenditure. Of importance are prudent measures to be implemented to reduce expenditure and to optimize the revenue.

There are other expenditures which were not included in the 2012/2013 financial year which are:

- Expenditure for Landfill rehabilitation
- Depreciation for infrastructure assets and
- Expenditure to be incurred for the valuation of infrastructure assets.

The figures will be included in the final approval or adjustment budget for 2012/2013 as it was not known what the estimate expenditure would be at the of preparing the draft budget.

Cash Flow of the municipality will improve by approximately R10.0 Million once the interim valuations are conducted and the 2006 & 2011 objections are finalized. During the 2010/2011 an amount of R39.1 Million was written off for business, crèches, guest houses and industrial properties. The credits to this accounts was as the result of Step Rates Tariff during the 2009/2010 section 139(c) intervention. It will also be noted that there was R43.3 Million loss of rates revenue from anticipated R141.6 due to omission of 1000 properties on the valuation roll. The adjusted figure is R98.4 Million. This will have impact on rates revenue for outer years as well.

The write off was back dated from the 1 July 2006. This has resulted in a number of accounts business and industrial accounts being in credit. This has an effect in the inflow of cash to the municipality. The inflow of cash will gradually improve as soon as the accounts credits are exhausted.

It is anticipated that approximately R4.0 Million will be generated from water revenue after the replacement of bulk water meters. R2.1 Million and R1.5 Million was set aside for 2011/2012 and 2012/2013 respectively. Approximately 45 bulk water meters are prioritized as phase one.

The municipality anticipate to receive R3.9 Million in addition to R3.2 Million as schedule 4 grant as incentive for EPWP. The EPWP is at the center of National government for job creation and poverty alleviation. The Mafikeng local municipality is almost 75% rural and the EPWP activity will assist in reducing the high level of unemployment rates.

In assisting the cash flow additional R4.9 Million as VAT revenue for Municipal Infrastructure Grant (MIG). Reference is made to National Circular 58 regarding the accounting for VAT from MIG as part of revenue.

It is also anticipated that the R35 Million will be collected from the outstanding government debts. Invoices to the National Public Works have been submitted. The proper mechanisms for implementation, monitoring and evaluation of revenue management, debt collection need to be and indigent and Debt Collection are looked at and enforced.

The policies relating to indigence, debt management and debt collection will be reviewed in the 2012/2013 budget. Additional revenue for water for indigence will be received. The water tariff for 2012/2013 allow for 6kl to indigent house hold only, not 12kl as previously applied. The affording residential house hold will in 201/2013 not receive 6kl as previously applied.

5.4 The budget was also performed in accordance with:

- Circular 10 – Budget process
- Circular 19 – Budget process
- Circular 28 – Budget content and format
- Circular 42 – Funding a municipal budget
- Circular 54 – Municipal budget for the 2011/12 MTREF
- Circular 55 – Municipal budget for the 2011/12 MTREF
- Circular 58 – Municipal budget for the 2011/2012 MTREF

5.6 Adjustment expenditure appropriations in summary for each directorate are as follows:

Department	Original Budget	2011/2012 Adjustment Allocations	2012/2013 Draft Allocations
Council General	90 979 000	97 082 000	101 012 000
Corporate Support	18 992 000	20 068 000	21 483 000
Finance	29 195 000	29 955 000	31 564 000
Infrastructure	130 291 000	141 884 000	157 866 000
Public Safety	42 583 000	42 274 000	47 024 000
Community Services	60 679 000	64 505 000	67 513 000
Planning & Development	17 019 000	13 839 000	17 206 000

In preparing the 2012/2013 estimates of expenditure for various directorates careful consideration was taken to the votes that will impact on service delivery and other contractual obligations such as:

1) Service delivery
2) Ensuring that there is turn around on the face of the municipality in terms of roads and cleanliness of town
3) Increase in Eskom tariffs
4) Increase in fuel and oil prices
5) Councilors' Allowances
6) Personnel Salaries and Allowances
7) Telephone Expenses
8) Fuel and oil

5.7 Revenue appropriations for 2012/2013 in summary for each directorate are as follows:

Department	Original Budget	2011/2012 Adjustment Allocations	2011/2012 Draft Allocations
Council General	2 742 000	2 582 000	2 962 000
Corporate Support	14 000	29 000	30 000
Finance	277 270 000	239 991 000	250 299 000
Infrastructure	107 414 000	121 979 000	136 569 000
Public Safety	6 834 000	8 714 000	8 683 000
Community Services	22 675 000	24 546 000	25 048 000
Planning & Development	308 000	288 000	282 000

In appropriating the revenue for directorates it was noted that most activities are finances from government grants (Equitable Share, MIG and other) and assessment rates. Some directorate's revenues are supplemented by government grants and assessment rates. Directorates in an attempting t0 mitigate their expenditure a review of the following need to be done:

1) Use of consultants.
2) Plans for expenditures per line item be provided
3) Phasing in for other matters if expenditure could be spread over more than a year.
4) Realistically budgeting for expenditures to be incur (Cost analyses basis)
5) Staffing matters vs Organogram compliance
6) Filling of critical posts
7) Audit of staff and alignment to activities of directorates
8) Core municipal competencies of the in terms of devolution of powers

6. BUDGET PROCESS OPERATING AND CAPITAL

6.1 Capital Budget

Planning and Budgeting is central to any organizational sustainability. The planning process outlines the strategic direction that the municipality has to operate on and to ensure 100% achievement. Each Directorate develops SDBIP to ensure that the municipal legislative targets are achieved and to ensure that the institution would meet its legislative mandates.

Department	Original Budget	2011/2012 Adjustment Allocations	2012/2013 Appropriations
Council General	500 000	1 750 000	1 750 000
Corporate Support	250 000	125 000	125 000
Finance	250 000	125 000	125 000
Infrastructure	48 977 000	20 792 000	48 814 000
Public Safety	2 250 000	11 605 000	12 875 000

Community Services	11 640 000	5 908 000	10 525 000
Planning & Development	750 000	3 000 000	1 715 000

The municipality's capital financing is primarily from MIG (Municipal Infrastructure Grant) for community projects. The R42.9 Million was allocated through DORA (Division of Revenue Act). The administration cost is 5% of the total grant.

After considering the 5% the grant is reduced to R40.8 Million. It is critical that the municipality is prudent in spending in order to create surplus that would assist the IDP (Integrated Development Plan) financing. Part of the surplus will be allocated to repairs and maintenance.

Dependency on MIG slows down the rapid movement of development in the areas where the communities are disadvantaged. As these assets are created certainty the municipality need to make funds available for repairs and maintenance. Assets that are not properly maintained create a burden to the future generations because high cost will be expected for replacement, interest charges and capital redemption costs.

The following IDP strategic objectives need to be observed and budget to be aligned to them and are as follows:

1) Empowering citizens
2) Sustained the natural and build environment
3) Good governance
4) Safe, healthy and secure environment
5) Operations and support services
6) Financial viability and sustainability
7) Economic development and Job creation
8) Embracing or cultural diversity
9) Quality living environment

Council approved the acquisition of R20.185 loan to assist in financing other items that would assist in service delivery. In 2012/2013 financial year additional loan to the value of R6.2 will be required to fund additional machinery. The beneficiary directorates are as follows:

- Community Services
- Infrastructure

R20.185 Million Loans

Details	Department/Section	Estimated Price	Quantity
Rear-End Loader	Community Services/Refuse	1 300 000	1
Power Machine	Infrastructure/Sewerage	700 000	1
Water Tanker	Infrastructure/Water	2 400 000	3
Cherry Picker	Infrastructure/Electricity	500 000	1
Breakdown Truck	Infrastructure/Workshop	800 000	1
LDV's	Various directorates	2 300 000	8
Resealing of Roads	Infrastructure/Roads	11 695 000	
Plan Printing Machine	Planning & Development	490 000	1
		R 20 185 000	

R6.2 Million Loans

Details	Department/Section	Estimated Price	Quantities
Tipper Truck	Infrastructure/Roads	1 000 000	1
Tipper Truck	Community Services/Refuse	1 000 000	1
Front End Loader	Community Services/Refuse/Parks	800 000	1
Front End Loader	Infrastructure/Roads	800 000	1
Refuse Compactor	Community Services/Refuse	2 600 000	2
		R 6 200 000	

Further delays in acquisition if the loans have a negative impact on service delivery. Most of municipal machinery and equipment are very old and need immediate replacement. Hiring of these items cost the municipality a premium. In the 2012/2013 a number of water tanks, refuse compactors and parks machinery will be procured. This will include replacement of 8/eight LDV's. Among other machinery is for roads patching and maintenance.

Key to the planning phase is the community and stakeholder consultation during the budgeting and IDP planning processes. This process is critical at the municipal level so as to involve stakeholders in planning decisions that affects them directly and indirectly.

Municipal budgeting processes and Integrated Development Planning (IDP) is regulated by legislation such as but not limited to:

- Municipal Finance Management Act
- Municipal Systems Act
- Municipal Structures Act
- Municipal Budget and Reporting Regulations
- Municipal: National Treasury Circulars

The Mafikeng Local Municipality has developed new five year plan and has been coordinated for IDP. The new council was inaugurated in May 2011 and for 2011/2012 the past IDP performance was the basis for IDP review and budgeting processes for 2012/2013. The process for the 2011/12 financial year started with the development and approval of the "Process Plan" in June 2011 for the Budget formulation and for New IDP.

The Process Plan set out a structured approach with similar understanding by all stakeholders on the process to be followed in formulating the IDP and the budget for 2012/2013 financial year.

In October 2011 community consultation meetings were held at all the 31 wards of the municipality; this was for the purpose of checking (auditing past projects and programmes) and to establish which wards or sections in wards benefited more than other. This will assist to re-prioritize at ward level so as to inform the operating and capital budget for 2012/13. The Integrated Development Plan (IDP) is the only mechanism through which the needs of the community are identified and prioritized.

With an effort to align the budget with the IDP, the Budget Office issued budget instructions to the directorates thereafter a series of meetings were held with those departments between February and March 2012.Subsequently the finance portfolio, budget and IDP Steering Committee were engaged in the IDP and Budget commencing 2012/2013 onwards.

In comparing the 2012/2013 estimates of revenue to the value of R423.8 Million and R 443.6 expenditure a Nett Deficit of R19.7 Million is realized. After Cash flow calculations taking into account as well as the recovery of outstanding government debt of R35 Million the municipality realized a Nett Surplus of R8.5 Million.

6.2 POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53(1) (a) of MFMA stipulates that the mayor of a municipality must provide political guidance over the budget process and the priorities that must guide the preparation of the budget.

The output and outcome on strengthening the development priorities and business plan for expenditure should be enhanced delivery of services aimed at improving the quality of life for all the people within the municipality.

Municipal Political Strategic Lekgotla

The municipality held strategic which gave rise to political direction for 2012/2013 budgeting processes. The alignment of municipal strategies to both provincial and national government gave raise to re-arrangement and re-prioritization of communities priorities. The Executive Mayor will during the months of April and May 2013 communicate to the communities the budgeting outcome within the limited municipal resources. The following were key summarized strategies:

- Build local communities to create more employment decent work and sustainable livelihood,
- Improve more united public services and broaden access to them,
- Building more united, non-racial, integrated and safer communities,

  Promote more active community participation in local government, and
- Ensure more effective, accountable and clean local government that works together with national and provincial

6.3 PROCESS FOR CONSULTATIONS WITH STAKEHOLDERS

The Mafikeng Local Municipality placed great emphasis on the involvement of communities and all its stakeholders in the integrated development planning, budgeting, implementation and monitoring process. In line with MFMA Section 22

which requires that after tabling of the annual budget and IDP in Council, the municipality must make public the tabled budget and invite the local community to submit representations on the budget.

After the approval of budget on the 29th March2012 the budget will be placed on council's website in terms of section 21B of MSA (Municipal System Act).

During the directorates consultation meetings for the 2012/2013 budget process, issues raised were mainly in respect of service delivery and the slow pace of implementing projects contained in the municipal IDP.

6.1. SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The budget and IDP Process Plan which outlines a schedule of Key Deadlines is mainly aimed at ensuring integration between the development of the IDP and the Budget and that thoroughly consulted budget and IDP is tabled and approved by Council within the provisions of the law.

The Schedule of Key Deadline for the review of the IDP and Budget compilations was approved in June 2011 to guide the process before the start of the new financial year. The table below expired end June 2012 and for 2012/2013 it will be table to council before end-August 2012.

The following provides an extract of the key deadlines relating to budget and IDP process:

DETAILS	ACTUAL DATE
Council meeting to approve the Draft Budget/IDP 2012/2013 to 2014/2015	29th March 2012
Public hearing on the tabled draft Budget and IDP for 2012/13 to 2014/2015 Mayoral Izimbizos	3rd to 12th April 2012
Bench Mark exercise to discuss the Draft Budget/IDP 2012/2013 to 2014/2015	Date to confirm
IDP/Budget Budget steering committee meeting to discuss Draft Budget/IDP 2012/2013 to 2014/2015	15th May 2012
Approval of the final budget and IDP	31st May 2012
Submission of the draft SDBIP to the Executive Mayor	14th June 2012
Approval of the SDBIP by the Executive Mayor	28th June 2010

6.2. Salaries

Salaries adjustment budget took in account all existing employees. For details of the current financial year and increases taken into account for this budget refer to table below:

Description	Original 2011/2012	Adjustment Effect 2011/2012	2012/2013 Draft Appropriations
Salaries & Wages	127 882 000	129 943 000	138 111 000
Contributions: UIF Pens Med Aid	23 995 000	21 307 000	22 088 000
Housing Allowance	1 192 000	748 000	1 150 000
Overtime	5 347 000	5 729 000	5 407 000
Bonus	6 965 000	5 730 000	6 147 000
Travel /Locomotion allowance	4 872 000	4 223 000	4 738 000
Other Allowances	748 000	608 000	1 099 000

The municipality for 2011/2012 financial year experienced problems in terms of awards by CCMA when R2.4 Million was paid to 9 officials. Also the R5.5 million is in the Sherriff trust account due to the award which is in dispute because the interest charges are more than capital. Council raised concern regarding the matter.

These matters were serious in nature because they were not provided as disclosure notes in the 2009/2010 financial statement as contingent liabilities. The amount is material and at the moment the R5.5 million is earning interest in the Sheriff account. The municipality is struggling with cash flow. Enforceable strategies need to be in place to ensure that human capital does not go the root of CCMA. This will prevent labour surprises.

The ward committee members stipend was increased to R2.9 million. The action was as the result of aligning the stipend to the regulations from R0.500 to R0.1000 per member per sitting. It will also be noted that the municipal wards were increased from 28 to 31 and this will have impact on ward committee stipend and councilors allowances.

These awards had costs implications post the award because the relevant employees were placed on the award’s posts and were remunerated accordingly and the benefits to commensurate the salaries.

The councilor's allowances were increased by 5% to R17.8 Million. These allocations will accommodate the allowances of councilors as follows:

1) The Executive Mayor
2) The Speaker
3) The Whip of Council
4) The Chairperson of MPAC
5) Members of Mayoral Committee (10 in Number)
6) Other Councilor (48 in Number)
7) Tribal Representatives (2 in Number)

6.3. Mayor's discretionary fund and similar budget allocations

No provision was made in the 2012/13 in the budget as well as the outer-years for Mayor's Special Projects account since MFMA Circular 51 (No. 4.2) prohibits the creation of such votes as this kind of allocations are in contradiction with 'Good budget practice'. National Treasury regards these types of allocations as a bad practice because:

- It is not clear how they are aligned to the constitutional requirement that municipalities should structure their budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community (see section 153 of the Constitution);
- They do not provide for the appropriation of funds for the purposes of a department or functional area of the municipality (see the definition of 'vote' in section 1 of the MFMA)
- They undermine the budget consultation processes since the intended use of the funds is not transparently reflected in the tabled budget; and
- There is a risk that they may be abused for personal gain or to improperly benefit another person or organization.

However, new votes are being created to cater for the following line items:

- Children
- Women
- Youth
- The aged and disabled

7. MEASURABLE PERFORMANCE AND INDICATORS

The strategic objectives, key performance areas and measurable indicators for all Directors are outlined in the IDP document. These are further detailed in the service delivery budget implementation plan (SDBIP) of each director as a performance agreement.

The SDBIP document serves the purpose of operationalising the strategy objectives contained in the IDP document.

8. BUDGET RELATED POLICIES: OVERVIEW AND AMENDMENTS

8.1. Credit Control and Debt Collection Policy

This policy aims to address the key issues and challenges of credit control and debt collection. The strategic aim is to create an enabling environment in which the objectives of credit control and debt collection can be realized. This policy also serves as a guide in the legislative implementation processes necessary to ensure optimal revenue generation and collection, since increased revenue forms the base for effective service delivery, infrastructure development and investment as well and economic growth,.

The municipality has adopted this policy in recognition to its constitutional obligations of developing the local economy and the provision of acceptable services to the residents.

8.2. Assessment Rates

Rates represent the charges levied by council on properties. This policy aims to address the key issues and challenges of levying assessment rates. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realized.

The primary objectives of the assessment rates policy are to ensure that

- the assessment rates of the municipality conform to acceptable policy principles
- municipal services are financially sustainable
- there is certainty in the council of how the assessment rates will be determined
- assessment rates of the municipality comply with the applicable legislation;

It must be stated that the municipality experienced challenges with the first implementation of the new Municipal Property Rates Act (MPRA), which was implemented on 1 July 2006. There were also challenges in implementing the 1 July 2011. These challenges included outstanding 2006 and 2011 objections. It is

anticipated that these matters will be resolved in the 2011/2012 financial year. Failure to do so will have an impact in the 2012/2013 rates revenue including the outer years.

8.3. Burst Pipe Policy

The water burst pipe policy aims to give consumers a relief in case there was an abnormal consumption due to a water pipe leakage on the side on the consumer's infrastructure. Under those circumstances the consumer is charged for his/her three (3) months average water consumption and charged at normal cost plus 10%.

The onus remains on the consumer to present an invoice of repair of the leaking pipe.

8.4. Supply Chain Management Policy

The Municipality has adopted the Supply Chain Management Policy to be applied as a guide where there is a need to procure goods or services, dispose goods which are no longer needed, select contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, or to select external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision municipal services in circumstances contemplated in section 83 of the Act.

However, the adopted policy does not apply (except where provided otherwise) in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including:

- Water from the Department of Water Affairs or public entity or from another municipality, and
- Electricity from Eskom or another public entity or another municipality.

The policy is amended to have an effect on prospective suppliers of goods and service from an amount of R10 000.00. The extension to R10 000 was as the result of suppliers not register for VAT and not paying for municipal services hence the inclusion of MBD8 with request for quotations from R10 000.

8.5. Investment Policy

The purpose of establishing a formal investment policy, as approved by council, was to set broad guidelines within which invest of funds can be made in compliance with the Municipal Finance Management Act, 2003 (Act No.56 or 2003), and the Municipal Investment Regulations prescribed by the Minister of Finance on 1 April 2005 in a Government Gazette No.27431.

The primary objectives of all investments are based on a proper risk analysis before any investment is made. The secondary objective is that the investment

made shall be met by the liquidity of the council. The third objective shall be to achieve the maximum return as possible after the primary and secondary objectives are fulfilled.

8.6. Virement Policy

The Council approves a medium term expenditure framework budget (3-year budget) before the start of the financial year. The approved budget is an estimation of the activities in financial terms period. The budget consists of an operating and a capital budget based on the strategic objectives of the local government. In practice, as the year progresses, circumstances may change such that certain estimates are under-budgeted and others over-budgeted. It is not practical to refer any such deviations to Council and it is therefore common practice to delegate certain authority for transfers to the executive mayor and senior officials. Hence the development and approval of this policy which provides a guide in the movements funds from one vote to the other.

8.7. Asset Management Policy

The municipality has developed and adopted this policy for the purpose ensuring that the Municipality's fixed assets are acquired, safeguarded, controlled, disposed off and accounted for in accordance with the Provincial Municipals regulations, the Municipal Finance Management Act 56 of 2003 (MFMA), Auditor General's requirements, applicable accounting pronouncements, such as General Recognized Accounting Practices (GRAP), and in appropriate manner applicable to the management and control of fixed assets.

In addition this policy further addresses the following issues with respect to fixed assets:

- Assignment of responsibility and accountability for fixed assets;
- Definition of the capitalization thresholds for fixed assets;
- Definition of fixed assets
- Method of valuation of old/existing fixed assets;
- Definition of old/existing *vis-à-vis* new fixed assets;
- Ownership of the provincial municipal's fixed assets;
- The general provisions about acquisition, disposal, depreciation of fixed assets;
- management system used to account for and control fixed assets; and
- The property management (with respect to immovable property)

The policy was amended during the 2010/2011 for application for future financial years in order to take GRAP accounting and reporting basis into account.

8.8. Payments policy

The purpose of the payments policy is to give guidelines to ensure that the municipality pays for goods and services utilised by the municipality within the voted funds. *(Correct amounts, on time, valid suppliers).*

8.9. Petty Cash Policy

The Petty Cash Policy is developed for the control of Petty Cash to be used at the municipality. The policy also outlines sound financial control measures which includes amongst others, the total cash float to be kept in a safe (which is limited to R2 500-00) as well as the handling thereof which is limited to two municipal officials working at the Finance directorate.

8.10. Subsistence and Travelling Policy

This policy details the approval and payment of a subsistence and travel allowance for the purposes of official travelling to other municipalities, cities and towns.

8.11. Employment Practice Policy

The policy is in draft format and has been work-shopped with senior and middle managers. the other stakeholders are still outstanding.

The main purpose of this policy is to:

- promote good human resource management and career development practices, to maximise human capital potential; and
- ensure that MLM ‘s administration is broadly representative of SA people, with human resources management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

8.12. Overtime Policy

The policy is in draft format and has been circulated for comment by all stakeholders.

The purpose of the overtime policy is to regulate and restrict time worked by Council employees, such that it is reasonable and within the scope of work and budget.

8.13. Indigent Policy

The policy has been developed to ensure the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the council; and to provide procedures and guidelines for the subsidization of basic service(s) charges to its indigent households, using the council’s budgetary

provisions received from central government in accordance with prescribed policy guidelines.

Budget Policy

The purpose of this policy is to control and inform the basis, format and information that are included in the Budget documentation.

8.14. Outdoor Advertising Policy

The aim of this policy is to provide an effective control to all outdoor advertising within the municipal jurisdiction and also to provide for a uniform tariff to prospective advertisers.

8.15. Review of Policies

The above policies will be reviewed with the 2012/2013 budget processes:

- ✓ Credit Control and Debt Collection
- ✓ Assessment Rates
- ✓ Burst Pipe
- ✓ Supply Chain Management
- ✓ Land Disposal
- ✓ Outdoor Advertisement
- ✓ Overtime
- ✓ Investment
- ✓ Virement
- ✓ Asset Management
- ✓ Payment
- ✓ Petty Cash
- ✓ Subsistence and Travelling
- ✓ Budget
- ✓ Indecency
- ✓ Engagement of Temporary Staff

8.16. Policies Presented to Council to be approved:

The following policies need to workshoped and finally approved by council.

- ✓ Bad Debt Provision and write off
- ✓ Borrowing Management
- ✓ Telephone
- ✓ Funding and reserves

8.17. Policies/Strategies developed and still to be approved:

The following policies are at draft stage and need to be approved by council.

- ✓ Cash Management and Investment
- ✓ Fraud prevention strategy
- ✓ Revenue Management
- ✓ Risk management implementation plan
- ✓ Risk management
- ✓ Risk management register (Top 10)
- ✓ Tariff

9. ALIGNMENT OF BUDGET WITH THE INTERGRATED DEVELOPMENT PLAN

Integrated development planning in the South African context is amongst others an approach to planning aimed at involving the municipality and the community to jointly find best long term solutions to sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning development and decision making in the municipality. The IDP the result of the planning process and is subject to annual revision.

9.1. Strategic Focus

The municipality aligned itself with the National and Provincial planning directives and frameworks which include amongst others – the National Spatial Planning Perspectives (NSDP), National Vision 2014, Clean Audit by 2014, the Medium Term Strategic Framework and the National Key Performance Indicators as well as the Provincial Growth and Development Strategy (PGDS). All these are aimed at building a sense of unity and responsibility among all sectors of the society towards reducing poverty and unemployment, creating jobs and ensuring socio-economic transformation in the country.

The focus has also been on the contribution towards the prescribed Five Local Government Strategic Agenda which includes :–

1) the provision of Basic services

2) Infrastructure investment,

3) Ensuring municipal financial viability and management,

4) Improvement of Local Economy, institutional development and

5) Organizational transformation and to encourage good governance and ward committee system.

9.2. Municipal Values

The municipality will develop its values that drive the revised vision at the ensuing strategic planning session.

9.3. Political Priorities and Linkages to the IDP

IDP is the framework for development. It is also through the IDP that an effort is made to co-ordinate the work of local and other spheres of government in coherent plans to improve the quality of life for all.

The capital expenditure in the 2012/13 medium term budget has been allocated in accordance to the development priorities in the IDP. It is (IDP) basis for resource allocation and all the resources are focused on the achievement of the identified development priorities.

It is critical to be noted that the municipal budget is not aligned to IDP objectives. In the 2012/2013 efforts will be made that is compliant in this area. SDBIP's as well for measuring performance will be linked to the IDP. Full compliance will be realized in the 2013/2014 budget.

9.4. IDP Review Process and Stakeholder Participation

The IDP is a five year plan which is supposed to be reviewed on an annual basis for the purpose of affording the community and stakeholders an opportunity to input in the planning and budgeting decisions. There has always been a commitment by the municipality, despite resource limitations, to address the needs of the community. For 2012/13 a new IDP has been developed up to 2015/2016. Audit was done to investigate what has been achieved in the previous IDP's.

The second generation of the IDP is undergoing its final review. MSA (2000) regulates and emphases the importance of community and stakeholder consultation in the annual IDP review process.

Of great importance, is for the municipality to create conditions for the community and strategic stakeholders to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan and the preparation of its budget. For the 2012/13 IDP, Council has embarked on an extensive consultation programme to engage with stakeholders.. Following

these consultations and tabling of the draft document, public participation followed with the aim of giving citizens and stakeholders to submit comments.

Annually, as the draft is completed and tabled in Council, the following mechanisms were used to ensure effective participation and consultation on the draft:

- The draft was placed on the Council website for perusal and comment
- Placing of the draft at strategic public places i.e Council libraries, municipal offices, Traditional Authorities' offices etc
- Local media (including community newspapers) was informed of the IDP review and the needs for community and stakeholder inputs

The purpose of the current exercise is not to change the IDP which was consulted with the communities when the 2012/13 budget was drawn up, but rather to re-align spending pattern after evaluating the mid-year performance.

9.5. Link between the IDP and the Budget

The Municipal Structures Act, MFMA and MSA dictate that the municipal budget and IDP must be aligned. In the case of Mafikeng Local Municipality, the total alignment of the IDP and budget has somewhat not been achieved; allocation of the operating expenditure is not explicit in the achievement of the IDP but allocation on the capital expenditure is undertaken in a manner that will ensure that our IDP objectives are achieved.

In reporting progress on the municipal targets during the National Treasury Monitoring week (13th May 2011) most directorates indicated that it was difficult to eradicate backlogs due to the low revenue base of the municipality.

The implication of the low revenue base is felt in a low percentage of the operational budget allocated for repairs and maintenance of capital projects. An amount of R35.8 Million allocated in the 2012/2013 budget remains inadequate for the purpose.

10. OVERVIEW OF BUDGET FUNDING

10.1. Loans and Investments

The amounts in the investment accounts of the municipality are of short-term nature. All investment are made cautiously in line with MFMA prescripts and Investment Policy of the municipality. Separate accounts are kept for MIG conditional grant and other operating investments. The municipality has only one primary account as required by MFMA.

The municipality has loans with DBSA, INCA and a long-term debt with Standard bank for the lease of vehicles. All the loans were used to fund capital assets and these loans are regularly serviced.

Balance on these loans as at 01 July 2011 amounted to R38.5 and is estimated to be R33.5 at the end of financial year 30th June 2012:

FINANCEE	2011 BALANCE	2011/2012 Redemptions	2012 BALANCE
DBSA	R18.0 Million	R3.3 Million	R14.7 Million
INCA	R17.1.Million	R3 Million	R14.1 Million
Standard Bank (Capital leases)	R 4.9 million	R2.5 Million	R2.4 Million

10.2. Sources of Funding

Mafikeng Local Municipality is suffering from a low revenue base due to the municipality not distributing electricity.

The sources of funding are:

- ✓ Assessment rates
- ✓ Sanitation
- ✓ Waste removal
- ✓ Water
- ✓ Government grants and subsidies, and
- ✓ Other tariff-related services.

10.3. Reserves/Surplus – Cash backed

The surpluses and reserves which were accumulated over the years are not cash-backed as a result a motivation will be submitted to Council to seek approval to write these off. Another reason for requesting the write-off is the requirement for the municipality to convert from IMFO basis of reporting to GRAP basis. This will affect the AFS (annual Financial Statements).

The municipality is not in a position to set aside cash partly due to a low revenue base and partly due to huge debtors outstanding.

10.4. Grant Allocations

The following grants are utilized to fund the programmes/projects in accordance with the conditions of the particular grant:

GRANT	PURPOSE	AMOUNT
Municipal Infrastructure Grant (MIG)	Infrastructure	42 919 000
Expended Public Works Programme (EPWP)	Construction of infrastructure in EPWP format/mode	3 232 000
Financial Management Grant (FMG)	MFMA Interns, Financial Management skills training, improving Annual Financial Statements	1 500 000
Library Grant	Defray library expenses	670 000
Municipal Systems Improvement Grant (MSIG)	Asset management and public participation	800 000

As conditions of these grants, monthly returns must be submitted to ensure that the grants are spend in line with their conditions. So far there is progress on the spending of all grants.

10.5. Debt collection Rate

The debt collection rate in the table below is distorted by the payment made by government (Department of Public Works) where the major portion of debt is made for property assessment rates. Government pays a lump sum, normally in October.

Although the debt collection rate has improved in comparison with the previous two financial years, the debt of the municipality is still very high. The debt collection rate is forecast to average 75%. The campaign to collect debt is continuing in line with the Financial Recovery Plan and Municipal Support Plan developed by National Treasury for municipality.

The municipality is also taking advantage of the programme run by the Department of Local Government and Traditional Affairs.

11. FINANCIAL STRATEGY

The financial strategy of the municipality is contained in a detailed document titled "Financial Recovery Plan and Municipal Financial Support Plan". The plan was drawn up with the assistance of National and Provincial Treasury. Section 139 (c) was invoked as part of the intervention and to kick-start the implementation of the strategy.

This Financial Recovery Plan and Municipal Financial Support Plan has been prepared in line with Section 142 of MFMA, after reviewing past and current information, intensive engagement with municipal and provincial officials, and is aimed at securing the Municipality's ability to meet its obligations, provide basic services in a sustainable manner and to strengthen its financial situation.

Although the municipality is faced with financial challenges there other factors impacting on its performance include the institutional capacity, organisational structure and assignment of powers and functions.

The other governance and administrative issues were addressed through the appointment of the Administrator.

The financial strategy consists of six (6) components for easy implementation:

- Restructuring of the budget
- Increases revision of the tariff policies and tariff increases
- Revenue enhancement
- Strengthening financial administration and internal controls
- Cash management strategy
- Human resource management

12. DISCLOSURE ON IMPLEMENTATION OF MFMA & OTHER LEGISLATIONS

Mafikeng Local Municipality is a low capacity municipality and it is complying with the Municipal Finance Management Act (MFMA) and other legislations. Progress with regards to this was presented to the National Treasury Monitoring team on 13th May 2011.

SERVICE DELIVERY AND BUDGET IMPLEMENATION PLAN (SDBIP)

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end of the year service delivery targets, set in the budget and IDP. The performance of the municipality is measured in term of the SDBIP.

The SDBIP of the municipality was developed in accordance to the development priorities and objectives as set out in the Municipal IDP which also contains annual and quarterly targets. It also reflects Capital and Operational budgets per project as well as the projected quarterly expenditure per project as per the allocated budget.

MAFIKENG LOCAL MUNICIPALITY

NW383

QUALITY CERTIFICATE

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ANNUAL ADJUSTMENT BUDGET: 2011/2012

I, **Kgotso Rabanye**, the Municipal Manager of **Mafikeng Local Municipality** hereby certify that the annual adjustment budget and supporting documentation have been prepared in accordance with the **Municipal Finance Management Act, Act 56 of 2003** and the **Regulations No. 32141 of 17th April 2009** made under the Act, and that the annual adjustment budget and supporting documentations are consistent with the Integrated Development Plan of the Municipality.

NAME: **KGOTSO RABANYE**

Signature:

Date 28th MARCH 2012